

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED

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MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS GARVEY TO INTERROGATORIES OF
PITNEY BOWES, INC.
(PB/USPS-T1-7-10, 13-14)

The United States Postal Service hereby provides the responses of witness Garvey to the following interrogatories of Pitney Bowes, Inc.: PB/USPS-T1-7-10, 13-14, filed on December 4, 1998. Interrogatory 12 was withdrawn while work on interrogatory 11 is as yet incomplete. Interrogatory 7(c) was revised based on discussions between counsel for Pitney Bowes and undersigned counsel.

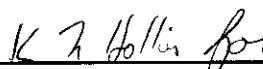
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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December 14, 1998



RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY
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PB/USPS-T1-7 Library Reference 16 refers (at Page 3) to three "internal lists." For each of them, please respond to each of the following questions:

(a) Is the list prepared by or for the Postal Service in the ordinary course of business?

(b) If not, (i) why and by whom was the list prepared; (ii) how was the list assembled; (iii) what was the cost to the Postal Service of preparing, purchasing or renting the list; and (iv) what is the annual cost (if any) to the Postal Service of maintaining it?

(c) If your answer to subpart (a) is yes, is the source of any of the lists applications for postage meter licenses?

RESPONSE:

- a. Yes.
- b. N/A
- c. Customers are not added to these databases by virtue of having a postage meter license. Only active customers' postage transaction activity is entered, although the application form is the source of certain information about a customer.

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PB/USPS-T1-8 One of the line items for what is described as the "total budget for this postal office online marketing plan" discloses it is for a full year of expense, whereas the other two line items say that they are for the market test only. Why is money budgeted for a period longer than the market test is scheduled to last?

RESPONSE:

The reference to "market test" is related primarily to the Mailing Online portion of PostOffice Online. The continuation of the PostOffice Online program is not dependent on the continuation of the Mailing Online program. For purposes of this plan the Media and Production line items reflect the market test only, whereas the Advertising Labor line item reflects the ongoing PostOffice Online program costs.

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PB/USPS-T1-9 The Library Reference 16 discussion of direct mail makes
reference to "all five cities." What are the five cities?

RESPONSE:

The Library Reference 16 cites the five cities in the first paragraph of the
document.

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PB/USPS-T1-10 Two of the "advertising elements" disclosed at Page 4 of
Library Reference 16 are said to be "in development."
Please report on the state of development.

RESPONSE:

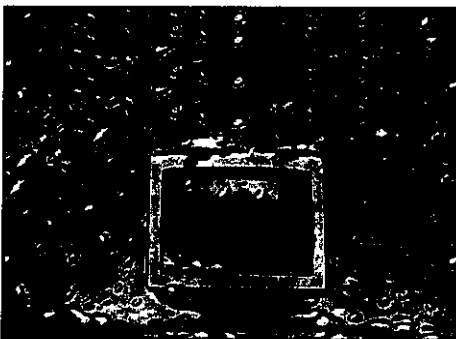
The "Spot Cable" element is complete, a storyboard of the 30 second spot is
attached as Exhibit 1. The "Direct Mail" element is complete, a sample is
attached as Exhibit 2.

VIDEO

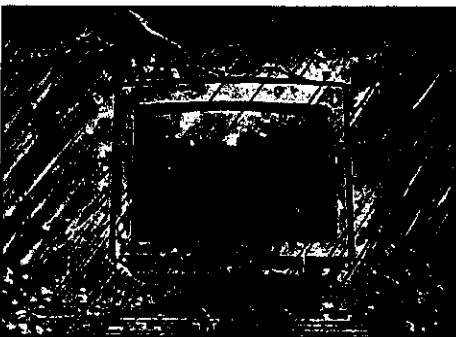
OPEN ON A COMPUTER.



IT BEGINS TO SNOW.



RAIN AND LIGHTNING BEGIN.



HEAT BEGINS.



GLOOM BEGINS WITH SLOW BLACK OUT.

WEB ADDRESS POPS ONTO SCREEN



AUDIO

(Version B VO: Neither snow...)

SFX: WIND/SNOW

(Version B VO: Nor rain...)

SFX: THUNDER, RAIN

(Version B VO: Nor heat.)

SFX: WHOOSH OF HEAT

Version B VO: Nor gloom of night)

SFX: POWER SWITCH BEING THROWN

VO: Introducing PostOfficeonline

VIDEO

CURSOR ARROW
CLICKS ON WEB
ADDRESS.

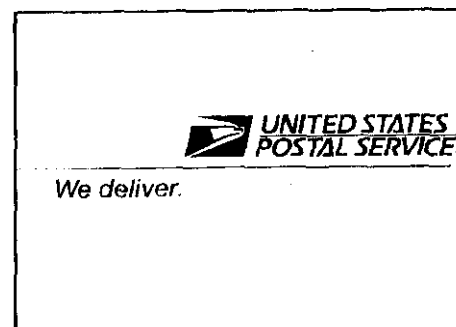
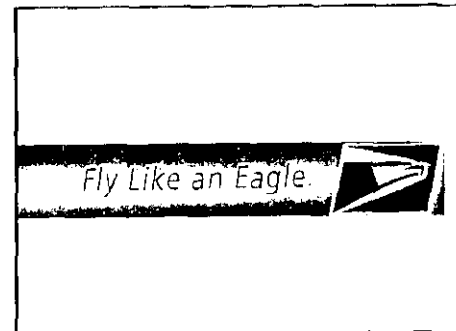
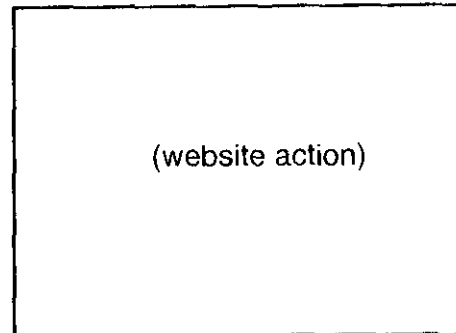
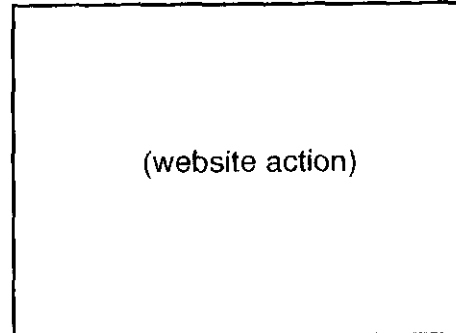
FAST CUTS OF
WEBSITE BEGINS.

CURSOR ARROW
CLICKS "SEND"
BUTTON

EAGLE STREAKS IN

CUT TO WHITE SCREEN

SNOW BLOWS AWAY
TO REVEAL LOGO



AUDIO

VO: It will change the
way small businesses
work.

SFX: FACE PACED
MUSIC/SOUND

VO: To see if you're one
of the 5,000 who qualify
for this pilot program,

VO: click on our website
now--- One click...

SFX: EAGLE FLIGHT

VO: and it all starts
to click.

VO: PostOfficeonline.

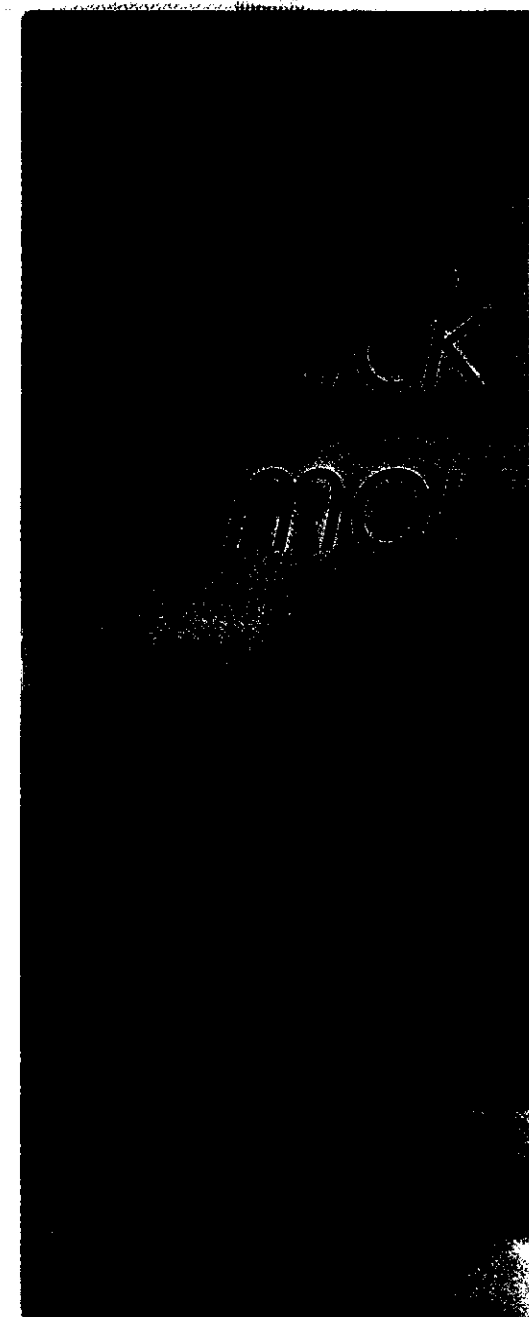
SFX: WIND

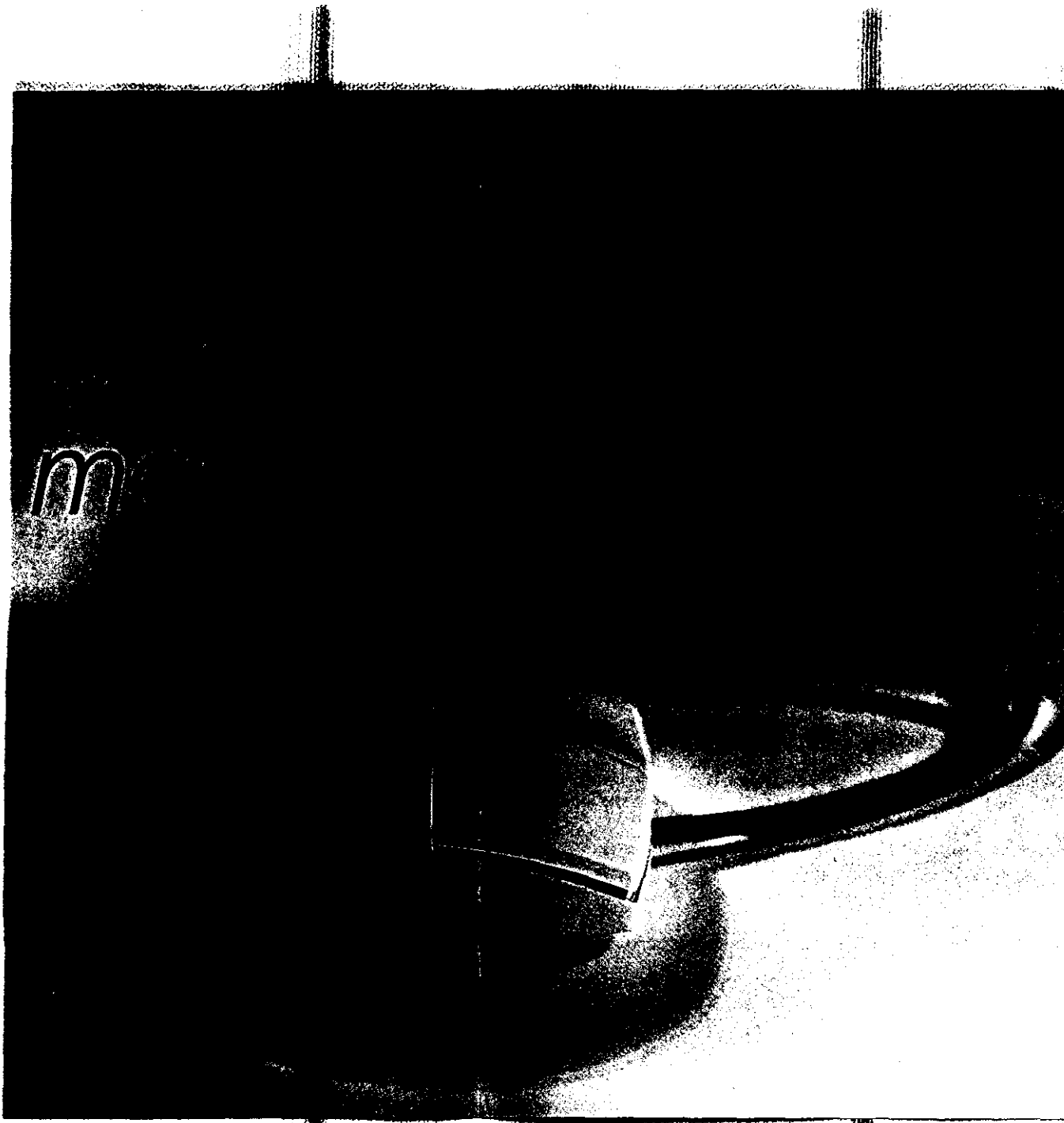
Prepare and ship packages.

With PostOffice Online,[™] you can manage the shipping process from your PC. You can generate shipping labels and pay for postage. Arrange for the U.S. Postal Service to pick up packages from your business. Locate mail collection boxes or post offices in your area. Even track your Express Mail[®] packages and confirm delivery of your Priority Mail[™] packages — all online, 24 hours a day.

Create and send mail.

PostOffice Online gives you a convenient way to send out your mailings. Use almost any major word processing or design program to create a mailpiece. Then click on PostOffice Online to send your layout to a USPS-approved professional printer. The finished pieces will be mailed directly to the people on your mailing list. We will even verify the addresses and ZIP Codes[®] automatically using our latest data.





Click on

www.postofficeonline.com/new



now and sign up.

PostOffice Online lets you streamline your business practices. You can arrange to send Express Mail® and Priority Mail™ right from your PC — 24 hours a day. Even create your own mailpiece and then send it electronically to be printed and mailed out. All without leaving your desk. All you need is a computer connected to the Internet and the desire to expand your business. But hurry. This pilot program is available only to the first 5,000 small businesses who qualify. So click on to www.postofficeonline.com/new today.

PostOffice Online

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Postage & Fees Paid
USPS
Permit No. G-10



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Warminster PA 18974-0049

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AND IT ALL
STARTS TO
CLICK.™



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PB/USPS-T1-13 Does the budget cover only advertising for three months of that market test? Quantify any additional amounts that will be spent if the market test continues longer than three months.

RESPONSE:

The media purchases made in the October-December 1998 period approximately equal the amount shown in the Library Reference. Not all of this planned media was used during that period and the remainder will be shifted to the January-March 1999 period. An additional amount, equal to one-third of the amount shown, is expected to be purchased for the January-March 1999 period. The amount shown for production has been spent and will cover all media purchases.

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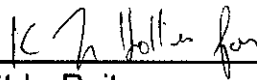
PB/USPS-T1-14 Describe whether any of the media to be used is
intended/anticipated to target Mailing Online users more
than users of other Post Office [sic] Online services.

RESPONSE:

Such targeting is not intended or anticipated.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Scott L. Reiter

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